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Messages of the Governors

Governor Beardsley's tragic death at the wheel of his car on November 21, 1954, left to his successor, Governor Leo Elthon, the responsibility of delivering the biennial "State of the State" address before a joint session of the General Assembly on January 11. Two days later his successor, Governor Leo A. Hoegh, followed Governor Elthon to the rostrum to outline a program containing many far-reaching recommendations. On February 3, the new executive again appeared before a joint session to present his budget ideas. Each speaker took note of the late Governor Beardsley's untimely death and extended official sympathy to Mrs. Beardsley, along with prayers for her early recovery from injuries sustained in the fatal accident.

For Governor Elthon, stepping in at the last minute, the biennial review meant looking back over a two-year period during which he had served as Lieutenant Governor for most of the term. He did this in some detail but also took the opportunity to emphasize his ideas of the form state government should take during the new term, when he again would be second in command.

Elthon and Hoegh saw many things alike, in

their speeches. From the outset it was apparent that money troubles would plague the legislature and each made a fervent plea that the state engage in no deficit spending in the biennium ahead. Each said all hands should strive for greater efficiency, that pay-as-you-go highway financing should be continued, that the safety program should be re-emphasized, that serious consideration should be given to construction of a cross-state toll road, that preparations to handle the anticipated enrollment increases at higher educational institutions should be intensified, and that school reorganization should be speeded. They differed on expansion of industry and on labor matters.

Elthon's "State of the State" Message

Governor Elthon observed that appropriations for 1953-55 amounted to \$244,000,000 while income totaled only \$226,000,000. The \$18,000,000 difference came from the \$30,000,000 "rainy day" reserve set up in 1949, he said, and it was now up to the legislature to take one of three paths:

1. To live within our income, which would mean a reduction in expenditures and services. "Is this," he questioned, "a practical route to follow at this time?"
2. To collect sufficient revenue to meet current expenditures. "This," he explained, "would involve no expansion in state services but rather a hold-the-line policy for the biennium."

3. To collect more revenue and expand the services of the state in the public interest.

Elthon left little doubt that he felt the latter was best in view of "certain appropriations" which he viewed as "meritorious," such as those needed to provide additional financial support for institutions of higher education already facing rapidly increasing enrollments, and to provide full payment of the agricultural land tax credit which, in turn, would provide "reasonable educational opportunity" for all children.

He insisted that the first order of business should be (1) to eliminate duplication in government and (2) to plug tax leaks. If legislators chose to travel the third path, Governor Elthon said, it would be necessary to decide from what source the additional revenue should come. While leaning toward the income tax as best founded on ability to pay, the Governor said he thought this field had been pre-empted by the federal government and that the next best source was the sales tax, which he said could be raised or extended to services "not presently included."

Elthon specially noted that, despite prosperous times, rates under the broadly based three-point tax program (sales, individual income, and corporation income taxes) adopted 22 years previously in a depression era "have been little changed."

In review, he described the last two years as "very productive" with prices and wages "good"

and business "above average." The pay-as-you-go highway program had "progressed well" and "is generally accepted" he continued. A toll road project "should be considered seriously but should in no way interfere with our present road program." He observed "marked improvement" in "the operation of our board of control institutions," and said "great strides" had been taken in conservation of Iowa's natural resources.

Regarding industrial expansion Governor Elthon assumed an air of caution. Our industries should be "further developed" he said, but he hastened to add that "any advancement of industry detrimental to agriculture would be adverse to the best interest of the state. . . . Let's not forget that agriculture is basic in our state."

For labor, he asked that unemployment insurance and workmen's compensation "be increased and adjusted to meet present day living conditions." He called for "a continuing effort toward reorganization" of school districts for greater economy and efficiency and declared "we must face the fact there is need for larger facilities to make room for the enormous crop of youngsters who will soon be knocking at the door of our secondary schools and a little later at the doors of our colleges." He called for all Iowans to work at solving the problem of highway safety.

Concluding, the Governor said that "our nation was founded by men who were not too proud to

bend a knee in prayer . . . let us follow their example in faith and obedience."

Governor Hoegh's Inaugural Message

Governor Hoegh officially accepted the office "in all humility" and described it as "an honor — and a challenge — and a public trust." He paid tribute to the late Governor Beardsley as "one of our great governors" and praised President Eisenhower for his inspiring leadership. Then he launched into the inaugural message, outlining his program for "a greater Iowa" which many a legislator considered breath-taking in its scope while others described it as long overdue. His recommendations fell into 12 separate categories, and there was no doubt about which he felt to be most important — education:

EDUCATION — Well-educated children are not only Iowa's "greatest assets, but they are the bulwark of a free America." Therefore, we should consider "as our number one objective" improving their educational opportunities. He said the state should underwrite 25 per cent of public school costs but that schools "must remain under local control," and more emphasis must be placed on "wise expenditures and efficiency of administration." He called for a teacher education and certification program, a stepped up reorganization program, and "appropriations for Iowa's higher educational institutions sufficient to maintain leadership in education and research."

HIGHWAYS — A one-cent-a-gallon increase in the gasoline tax, raising it to six cents, with the temporary fifth cent enacted in 1953 being made permanent. This would enable Iowa to undertake a widening program "of great magnitude," to eliminate death curves and bridges, and to improve sight distances, all of which would make for safer roads. Also consideration of a cross-state, self-liquidating toll road.

TRAFFIC SAFETY — Reduce the "murder on our highways" by modernizing our roads, establishing speed limits, enforcing safety regulations, stressing safety education, increasing the number of highway patrolmen (to be financed by increasing driver and chauffeur license fees), strengthening laws on motor vehicle inspection and on issuance and revocation of drivers' licenses, and emphasizing driver responsibility.

AGRICULTURE — Expanding the state watershed program; granting tax credits for conservation expenditures; adopting a uniform egg grading law; setting up a marketing division in the Department of Agriculture; insuring a free flow of agricultural products into and out of Iowa, and appropriating enough money to pay agricultural land tax credits in full.

INDUSTRY — Expanding the activities of the Iowa Development Commission so it can, in the next four years, double the 860 new industries it has helped bring to Iowa since 1945. The Gover-

nor said these new industries "brought us one-half billion dollars in capital investment, 35,000 jobs with an annual payroll in excess of 120 million dollars, resulting in a 225 million dollar increase in purchasing power each year." He observed that the St. Lawrence Seaway facilities will be open to Iowa and the Midwest soon and urged that we "leave nothing undone to attract industry" to Iowa.

LABOR — Permitting labor and management to agree on a union shop "if they so desire"; extending unemployment compensation benefits to 26 weeks and increasing "substantially" weekly payments; amending the "voluntary quit" law so an employee "does not lose all his past wage credits because he quits one job"; increasing and readjusting workmen's compensation benefits to keep pace with today's times; strengthening the Bureau of Labor; strengthening safety, sanitation, and child labor laws; and removing the distinction between requirements for authorization of a check-off of union dues and other deductions.

LAW ENFORCEMENT — A continuation of "strict and impartial" enforcement of all laws.

WELFARE — Improving laws dealing with the mentally ill, dependent and crippled children, aged, blind, deaf, and those in need of medical and financial assistance; correcting tax law to permit old age assistance recipients to participate in the increased social security payments.

GOVERNMENT — Reapportioning the legislature to carry out "one of the basic concepts of our republic" that representation should be on both an area and population basis, through amendment of the Constitution to place the Senate on a population and the House on an area basis; increasing terms of two-year state and county elective officials to four years; lowering the voting age from 21 to 18; increasing the pay of the judiciary, state officials, and legislators; creating a court statistician; and creating a legislative research council.

VETERANS — Granting the same bonus and tax exemptions to Korean War veterans as provided for those of other wars.

TAXATION — Creating "a special committee to make a thorough examination and study of our whole tax structure." The Governor said that first, however, every effort should be made to improve government efficiency and reduce cost by bringing about consolidations where feasible (he made five specific suggestions) and by plugging tax leaks, requiring annual filing of soldiers' property tax exemption claims, tightening the homestead tax credit law, adopting changes in sales and use tax laws as recommended by the State Tax Commission by adopting a state capital gains tax. On taxes, the Governor said Iowans are proud of their state and want it to be a leader. "I'm confident they are willing to invest their fair share to build a greater Iowa," he declared. "Increases in

taxes are not popular, but we must have the courage to provide the revenue needed for the essential services of the state."

BUDGET — No deficit spending. He said he would present "a detailed outline of the financial and taxation needs of our state" in February.

"One factor," the Governor concluded, "is beyond dispute: Your actions will be guided by what is good for all Iowa. And now, may God lead us in the accomplishment of this objective."

Hoegh's Budget Message

"Your state budget," Governor Hoegh said on February 3, "is a dollars and cents declaration of policy. It is the financial interpretation of the demands made by our Iowa citizens for services, balanced by their ability and willingness to pay."

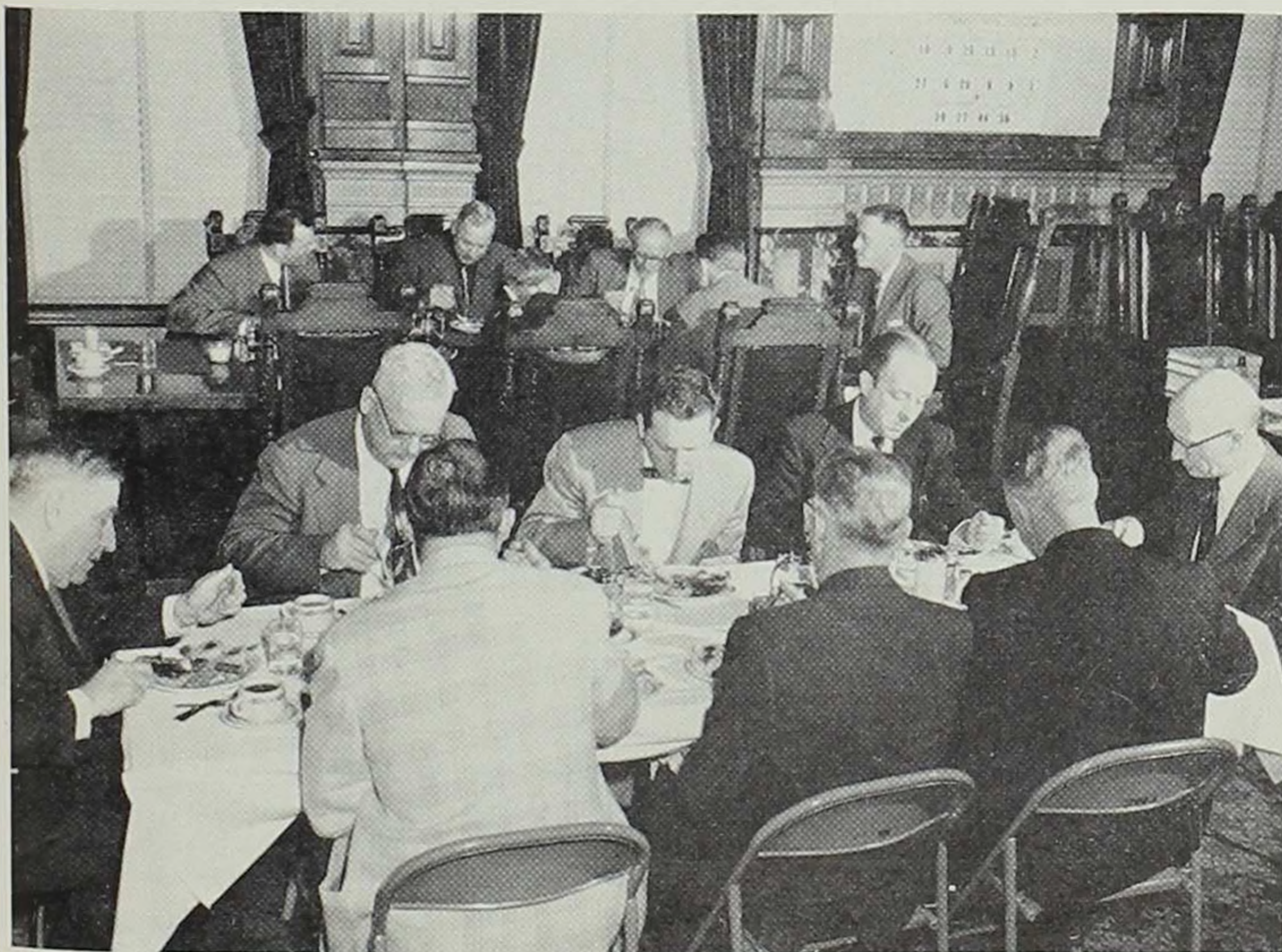
Hoegh said five cardinal principles guided his thinking in deciding to recommend an annual budget of \$146,073,996.50 for the 1955-57 biennium — an increase of \$23,701,300.57 — to make up the \$9,000,000 annual deficit and to provide additional funds for additional services. They were:

1. Efficiency and economy to give full value for a tax dollar.
2. Provision for essential services while maintaining our financial strength.
3. Development of a greater Iowa.
4. No state property taxes.
5. No deficit spending.

LEGISLATORS ON AND OFF DUTY



When Rep. Gladys Nelson of Newton brought down the gavel to convene the opening session of the House it marked the first time in history that a woman legislator had performed this function.



Pictures courtesy Des Moines *Register* and *Tribune*

As part of his effort to maintain friendly relationships between the executive and legislative branches, Governor Hoegh held a series of "Dutch Breakfasts" at which he met groups of legislators informally in the executive offices.

SENATORS BETWEEN AGES OF 25-35



Courtesy Cedar Rapids Gazette

Seated: Senators W. C. Stuart (R - Chariton), Edward J. McManus (D - Keokuk), and Robert R. Rigler (R - New Hampton). *Standing:* Senators Jack Schroeder (R - Davenport), David O. Shaff (R - Clinton), and Ted D. Clark (R - Mystic).

SENATORS BETWEEN AGES OF 36-40



Courtesy Cedar Rapids Gazette

Senators Frank D. Elwood (R - Cresco), Jack M. Wormley (R - Newton), Thomas J. Dailey (D - Burlington), and Samuel H. Burton (D - Ottumwa).

REPRESENTATIVES BETWEEN AGES OF 25-40



In the 25-30 year group were, *seated*: Reps. J. McCoy (D-Ottumwa), R. L. Pollock (R-Douds), and N. E. Johns (R-Toledo). *Standing*: Reps. W. F. Denman (D-Des Moines), M. N. Brown (R-What Cheer), and J. E. Briles (R-Corning).



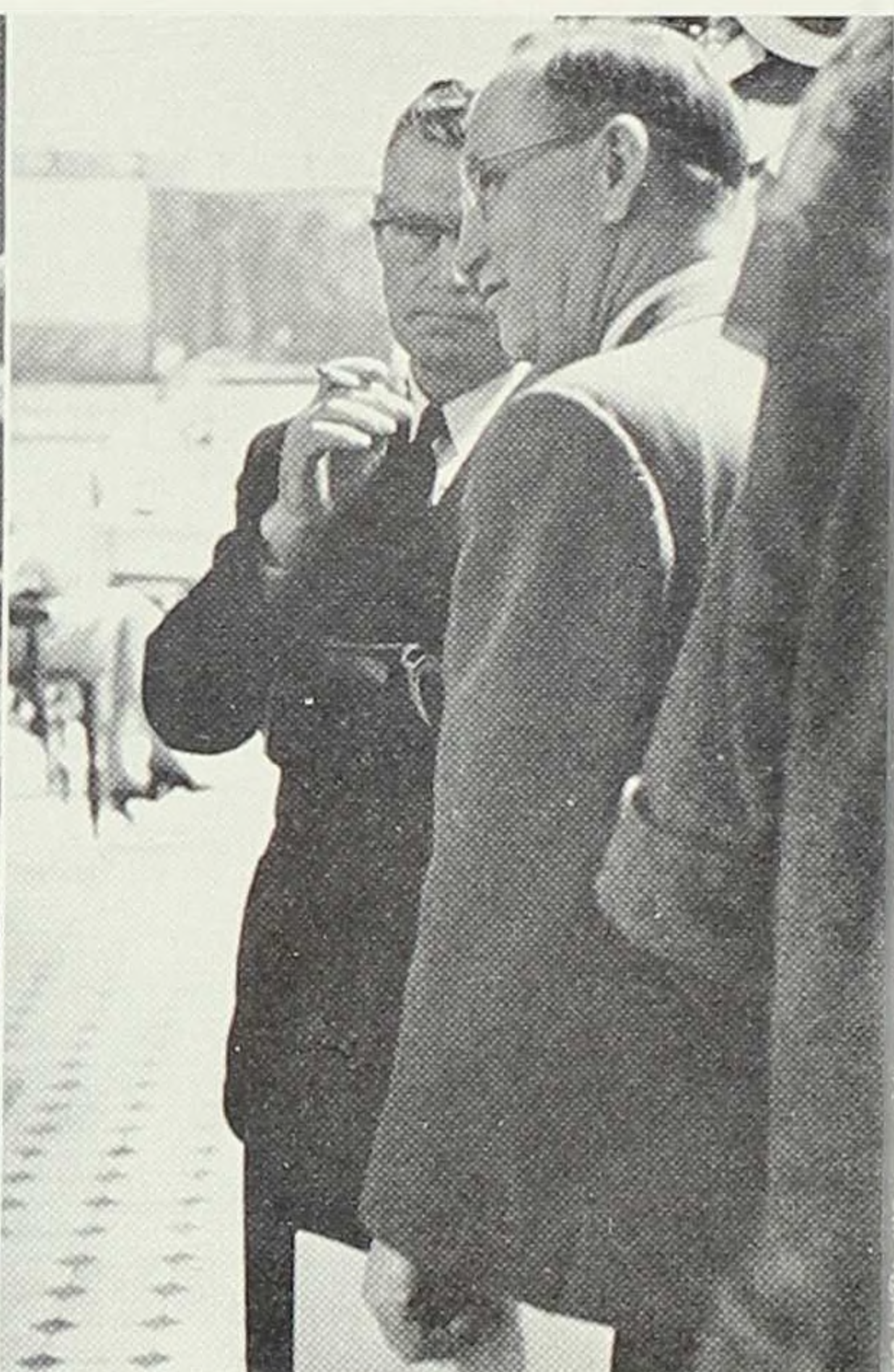
In the 31-35 year group were, *seated*: Reps. R. B. Carson (R-Independence), W. Pendleton (R-Storm Lake), J. N. Milroy (R-Vinton), and S. Swisher (D-Iowa City). *Standing*: Reps. W. H. Harbor (R-Henderson), A. G. Frommelt (D-Dubuque), R. W. Naden (R-Webster City), and E. Norland (R-Cylinder).



Pictures courtesy Cedar Rapids Gazette

In the 36-40 year group were, *seated*: Reps. W. D. Dillon (R-Columbus Junction), E. J. Steers (R-Creston), H. C. Reppert, Jr. (D-Des Moines), E. L. Novak (R-Fairfax), and J. Miller (R-Sioux City). *Standing*: Reps. F. R. Thompson (R-Guthrie Center), C. H. McNeal (R-Belmond), W. M. Freed (D-Gowrie), and K. E. Owen (D-Centerville).

LOBBYISTS ARGUE THEIR CASES



Courtesy Des Moines Register and Tribune

Upper left: Senator C. S. Van Eaton (left) listens to Roland Cook of the Iowa Manufacturers Association. Upper right: Rep. Floyd Edgington (left) discusses a point with the Farm Bureau's Harry Storey. Bottom, left to right: Roland Dyer of the Mobile Homes Association talks with Rep. William L. Mooty, while James Richards of the Petroleum Industries Committee gets the attention of Rep. Jay Colburn.

Of the increase he requested, the Governor said \$18,975,742, or 80.06 per cent, would go for education, \$2,861,830.57, or 12.08 per cent, for additional services, and \$1,863,728, or 7.86 per cent, for Board of Control institutions. He recommended an annual appropriation of \$40,196,500 for state aid to schools (including agricultural land tax credit), or an increase of \$16,249,000 (67 per cent). He also recommended:

An increase of 11.04 per cent in the gross budget of the Board of Education institutions to place it at \$34,151,917.87.

A net increase of \$1,863,728 a year for Board of Control institutions, or a total of \$13,500,208.

A decrease of \$20,000 in the overall appropriations for the Board of Social Welfare (as requested by the Board), although the new budget included an increase of \$850,000 a year for the aid to dependent children program.

An increase of \$1,739,873 to a total of \$12,006,959 for the biennium for administrative departments.

Miscellaneous appropriations of \$587,600 for National Guard armories, \$140,735 for resurfacing of state capitol malls, streets, alleys, and parking lots, \$200,000 for soil conservation, \$1,154,586 for the public employees' retirement system, and \$650,000 additional (for a total of \$24,650,000) to meet homestead tax credits.

To cover recommendations for additional funds

and the \$9,000,000 a year deficit between 1953-55 income and outgo, the Governor recommended:

1. Limiting the 10 per cent sales tax diversion to the road use fund to \$5,500,000 a year.

2. Extending the sales and use tax to cover:
(a) services aside from all forms of health services, which he estimated would bring in \$20,000,000 annually;

- (b) beer and cigarettes to realize \$2,800,000;

- (c) equipment not readily obtainable in Iowa and used in processing, to realize \$1,925,000;

- (d) property used in interstate transportation or commerce except as prohibited by the federal and state constitutions to realize \$500,000.

3. Extending the income tax to include capital gains to realize \$3,000,000.

4. Enacting a reciprocal premium tax on out-of-state insurance companies doing business in Iowa to realize \$600,000.

5. Plugging income and sales tax leaks to realize \$1,000,000.

6. Returning to the general fund the five per cent of gross liquor sales now used by the military tax credit fund making available an average additional \$1,387,500 a year until June 30, 1957.

The Governor said these suggestions would bring in additional revenue of \$31,212,500 a year which would more than offset his recommendations for additional appropriations. "You have a great responsibility to determine the program of

wise spending and of sound finances," the Governor told the legislature. "The people of Iowa have confidence in your judgment."

FRANK T. NYE

COST OF A LEGISLATIVE SESSION

<i>Expense items</i>	<i>Senate</i>	<i>House</i>	<i>Joint</i>
Members' salaries (including Lt. Gov.)	\$104,000.00	\$218,300.00	\$—————
Employees' salaries	82,588.12	143,952.59	30,075.62
Printing (including \$15,425.29 from Omnibus bill)	—————	—————	91,400.31
Traveling expenses	—————	—————	2,471.90
Chaplains' expenses	—————	—————	1,476.30
Miscellaneous expenses	—————	—————	7,724.05
	54th G. A.	55th G. A.	56th G. A.
Total expenses of	\$724,729.93	\$646,985.89	\$681,988.89